

Message Text

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PAGE 01 MONTRE 01015 190813Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 PA-02 /105 W
-----034090 192213Z /64

R 181410Z MAY 78
FM AMCONSUL MONTREAL
TO SECSTATE WASHDC 524
INFO AMEMBASSY OTTAWA
AMCONSUL QUEBEC
AMCONSUL TORONTO

UNCLAS MONTREAL 1015

E.O. 11652: NA
TAGS: ECON, CA
SUBJECT: SYMPOSIUM ON QUEBEC INDEPENDENCE

BEGIN SUMMARY: PREVAILING OPINION DURING SYMPOSIUM IN MONTREAL ON ECONOMIC IMPLICATIONS OF QUEBEC INDEPENDENCE WAS THAT QUEBEC WOULD HAVE LITTLE TO GAIN AND MUCH TO LOSE FROM SEPARATION. TRADE FIGURES WERE PRESENTED TO SHOW THAT IN ECONOMIC TERMS QUEBEC HAS MORE TO LOSE FROM BREAKUP OF CANADA THAN DOES ANY OTHER PART OF COUNTRY. QUEBEC FINANCE MINISTER PARIZEAU SAID THAT ROCK BOTTOM FORM OF SOVEREIGNTY-ASSOCIATION WOULD BE CUSTOMS UNION WITH ONTARIO, AND THAT COMMON CURRENCY WITH REST OF CANADA, WHILE DESIRABLE, WOULD NOT BE LIKELY. END SUMMARY.

1. WITH EXCEPTION OF QUEBEC FINANCE MINISTER PARIZEAU, SPEAKERS IN A SYMPOSIUM ON ECONOMIC IMPLICATIONS OF QUEBEC INDEPENDENCE SAW SEPARATION AS HARMING QUEBEC'S INDEPENDENCE. SYMPOSIUM WAS SPONSORED BY L'ECOLE DES HAUTES ETUDES COMMERCIALS AND WAS ATTENDED BY 250 BUSINESSMEN, BANKERS, AND ACADEMICIANS, AND ANYONE ELSE WILLING TO PAY DOLS 175 FEE FOR ONE DAY SESSION.

UNCLASSIFIED

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PAGE 02 MONTRE 01015 190813Z

2. PARIZEAU SAID THAT PQ'S OPTION OF SOVEREIGNTY-ASSOCIATION IN ITS "ROCK BOTTOM FORM" WILL MANIFEST ITSELF AS CUSTOMS UNION BETWEEN AN INDEPENDENT QUEBEC AND AT LEAST PROVINCE OF ONTARIO. WHATEVER HAPPENS ON POLITICAL LEVEL, PARIZEAU SAID THAT QUEBEC AND ONTARIO ARE INSEPARABLE, WITH RECENT STUDIES SHOWING THAT IF THERE IS NO CUSTOMS UNION, BOTH ONTARIO AND QUEBEC WOULD LOSE 100,000 JOBS. BEYOND CUSTOMS UNION WITH ONTARIO, PARIZEAU ENVISAGED A

TRANSPORTATION AGREEMENT WITH REST OF CANADA THAT WOULD GIVE MARITIMES ACCESS TO ONTARIO AND QUEBEC ACCESS TO WEST. PARIZEAU SAID THAT HE HAD DOUBTS ABOUT PROSPECT OF A COMMON CURRENCY SHARED BY AN INDEPENDENT QUEBEC AND CANADA, AS IT INVOLVES RIGID CONSTRAINTS AND GREAT SELF-DISCIPLINE ON BOTH SIDES. WHILE HE THOUGHT GOAL OF COMMON CURRENCY WAS WORTH PURSUING, HE DID NOT APPEAR TO THINK THAT SUCCESS WAS PROBABLE.

3. DISCUSSION ON COMMON CURRENCY WAS ALSO NOTABLE FOR REAPPEARANCE OF FORMER QUEBEC PREMIER ROBERT BOURASSA WHO HAS BEEN STUDYING EUROPEAN COMMON MARKET SINCE HIS LOSS TO PARTI QUEBECOIS IN NOVEMBER, 1976. TAKING HIS TURN AT MICROPHONE IN AFTERNOON QUESTION SESSION, BOURASSA SAID THAT COMMON MARKET IS NOW WORKING TO ESTABLISH MONETARY UNION BECAUSE OF PROBLEMS RESULTING FROM MONETARY DISPARITIES AMONG MEMBER COUNTRIES. BOURASSA SAID IT WOULD BE IRONIC THAT CANADIANS MAY BE VOTING TO ABOLISH CANADA NEXT YEAR AT SAME TIME THAT EUROPEANS MAY BE VOTING ON CREATION OF UNITED EUROPE.

4. MOST ANALYTICAL PRESENTATIONS WAS THAT OF HEC PROFESSOR CARMINE NAPPI WHO SAID THAT IN ECONOMIC TERMS QUEBEC HAS MORE TO LOSE FROM BREAKUP OF CANADA THAN DOES ANY OTHER PART OF COUNTRY. IF QUEBEC WERE TO SEPARATE WITHOUT BENEFIT OF AN ECONOMIC ASSOCIATION WITH REST OF CANADA, QUEBEC MANUFACTURERS WOULD LOSE THE 30 PERCENT OF THEIR MARKET REPRESENTED BY OTHER PROVINCES WHILE MANUFACTURERS IN REST OF COUNTRY WOULD LOSE ONLY ABOUT 10 PERCENT OF

UNCLASSIFIED

PAGE 03 MONTRE 01015 190813Z

THEIR MARKETS. LOOKING AT EXPORTS, NAPPI SAID THAT QUEBEC IS ONLY REGION FOR WHICH CANADIAN MARKET, WHICH TAKES 55.9 PERCENT OF QUEBEC'S EXPORTS, IS MORE IMPORTANT THAN INTERNATIONAL MARKET, WHICH TAKES 44.1 PERCENT BY CONTRAST, ONTARIO SENDS ONLY 42 PERCENT OF ITS EXPORTS TO OTHER PROVINCES, WHILE 58 PERCENT IS SENT TO INTERNATIONAL MARKET. IN TERMS OF EMPLOYMENT, NAPPI SAID THAT 37 PERCENT OF EMPLOYMENT IN QUEBEC MANUFACTURING SECTOR DEPENDS ON EXPORTS TO REST OF CANADA, WHILE IN ONTARIO 26.6 PERCENT DEPENDS ON INTER-PROVINCIAL TRADE. PRINCIPAL DIFFERENCE BETWEEN TWO PROVINCES, NAPPI SAID, IS THAT ALTHOUGH BOTH BENEFIT FROM CANADA'S HIGH TARIFFS, QUEBEC BENEFITS TO FAR GREATER EXTENT BECAUSE OF BACKWARDNESS OF ITS ECONOMIC STRUCTURE.

5. IN QUEBEC, NO HAPPENING WOULD BE COMPLETE WITHOUT A POLL OF SOME KIND AND PRESIDENT OF A SMALL BUSINESS ASSOCIATION SANCTIFIED SYMPOSIUM BY PRESENTING RESULTS OF POLL SENT TO 100 FIRMS IN QUEBEC EMPLOYING FROM 10 TO 200 PEOPLE. AMONG FINDINGS OF POLL WERE:

- 72 PERCENT OF RESPONDENTS SAID THAT THEY WERE HESITANT ABOUT INVESTING IN QUEBEC BECAUSE OF POLITICAL UNCERTAINTY;
- 80 PERCENT THOUGHT THEY WOULD LOSE BUSINESS IN AN INDEPENDENT QUEBEC;

-- 98 PERCENT SAID THEY DID NOT WANT TO PAY ADDITIONAL TAXES TO SUPPORT AN INDEPENDENT QUEBEC;
-- 58 PERCENT SAID THEY WOULD INVEST MORE MONEY OUTSIDE AN INDEPENDENT QUEBEC THAN THEY HAD PREVIOUSLY, AND 54 PERCENT SAID THEY WOULD TRY TO DIMINISH THEIR INVESTMENTS IN QUEBEC.

6. COMMENT: WITH DOLS 175 FEE FOR ONE DAY SESSION SERVING AS SAMPLE SELECTOR, SENTIMENT OF SYMPOSIUM WAS OVERWHELMINGLY ANTI-PQ. IN THIS CONNECTION, IT IS INTERESTING TO NOTE THAT ECOLE DES HAUTES ETUDES COMMERCIALE IS HEADED BY PIERRE LAURIN, BROTHER OF PQ CULTURAL MINISTER CAMILLE LAURIN. WHILE BOTH SHARE FAMILY NAME, ECONOMIC AND POLITICAL ORIENTATION OF TWO BROTHERS IS QUITE DIFFERENT. AS THIRD OLDEST BUSINESS SCHOOL IN NORTH AMERICA (AFTER HARVARD AND WHARTON), HEC FACULTY HAS ALWAYS BEEN MORE ORIENTED
UNCLASSIFIED

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PAGE 04 MONTRE 01015 190813Z

TOWARD PRAGMATISM THAN IDEOLOGY, IN CONTRAST TO ITS MOTHER INSTITUTION, THE UNIVERSITY OF MONTREAL, WHERE SYMPATHY FOR PQ IS MUCH GREATER. STATISTICS USED BY NAPPI ON TRADE FLOWS WILL BE PUBLISHED AS PART OF BROADER STUDY ON QUEBEC TRADE BY C.D. HOWE THIS SUMMER.
HARPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDEPENDENCE, PROVINCE, MEETINGS, ECONOMIC TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MONTRE01015
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780212-0149
Format: TEL
From: MONTREAL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780545/aaaablwj.tel
Line Count: 142
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3fc7309b-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2652115
Secure: OPEN
Status: NATIVE
Subject: SYMPOSIUM ON QUEBEC INDEPENDENCE BEGIN SUMMARY: PREVAILING OPINION DURING SYMPOSIUM IN MONTREAL ON ECONOMIC IMPLICATIONS OF QUEBEC INDEPENDENCE WA
TAGS: ECON, CA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/3fc7309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014